

MAINE STATE LEGISLATURE

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123rd MAINE LEGISLATURE

FIRST REGULAR SESSION-2007

Legislative Document

No. 590

H.P. 457

House of Representatives, February 6, 2007

An Act To Amend Certain Requirements Applicable to Insurance Producers

Submitted by the Department of Professional and Financial Regulation pursuant to Joint Rule 204.

Reference to the Committee on Insurance and Financial Services suggested and ordered printed.

Millicent M. MacFarland
MILLICENT M. MacFARLAND
Clerk

Presented by Representative FISCHER of Presque Isle.
Cosponsored by Senator PERRY of Penobscot and
Representative: VAUGHAN of Durham.

1 **Be it enacted by the People of the State of Maine as follows:**

2 **Sec. 1. 24-A MRSA §1410, sub-§4,** as enacted by PL 2001, c. 259, §11, is
3 repealed.

4 **Sec. 2. 24-A MRSA §1420-E, sub-§1, ¶C,** as enacted by PL 2001, c. 259, §24,
5 is repealed.

6 **Sec. 3. 24-A MRSA §1420-F, sub-§1, ¶L,** as enacted by PL 2001, c. 259, §24,
7 is repealed and the following enacted in its place:

8 L. Insurance offered, sold or solicited in connection with and incidental to the rental
9 of rental cars for a period of no more than 60 days, whether at the rental office or by
10 preselection of coverage in master, corporate, group or individual agreements, that is
11 nontransferable, applies only to the rental car that is the subject of the rental
12 agreement and is limited to the following kinds of insurance:

13 (1) Personal accident insurance for renters and other rental car occupants for
14 accidental death or dismemberment and for medical expenses resulting from an
15 accident that occurs with the rental car during the rental period;

16 (2) Liability insurance that provides protection to the renters and other
17 authorized drivers of a rental car for liability arising from the operation or use of
18 the rental car during the rental period;

19 (3) Personal effects insurance that provides coverage to renters and other vehicle
20 occupants for loss of, or damage to, personal effects in the rental car during the
21 rental period;

22 (4) Roadside assistance and emergency sickness protection insurance; and

23 (5) Any other coverage designated by the superintendent.

24 **Sec. 4. 24-A MRSA §1420-H,** as enacted by PL 2001, c. 259, §24, is amended to
25 read:

26 **§1420-H. Exemption from examination**

27 **1. Exemption.** An individual who applies for an insurance producer license in this
28 State who was previously licensed for the same lines of authority in another state is not
29 required to complete any ~~prelicensing education or~~ examination pursuant to section 1410.
30 This exemption is only available if the person is currently licensed in that state or if the
31 application is received within 90 days of the cancellation of the applicant's previous
32 license and if the prior state issues a certification that, at the time of cancellation, the
33 applicant was in good standing in that state, or the state's producer database records,
34 maintained by the National Association of Insurance Commissioners, its affiliates or
35 subsidiaries or any successor organization, indicate that the producer is or was licensed in
36 good standing for the line of authority requested.

37 **2. Application.** A person licensed as an insurance producer in another state who
38 moves to this State shall make application within 90 days of establishing legal residence

1 to become a resident licensee pursuant to section 1420-E. ~~Prelicensing education or An~~
2 examination pursuant to section 1410 is not required of that person to obtain any line of
3 authority previously held in the prior state except when the superintendent determines
4 otherwise by rule. Rules adopted pursuant to this subsection are routine technical rules as
5 defined in Title 5, chapter 375, subchapter ~~H-A~~ 2-A.

6 **3. Additional exemptions.** An examination is also not required of:

7 A. An applicant for a license covering the same kind or kinds of insurance for
8 which the applicant was licensed under a similar license in this State within the past 2
9 years, other than a temporary license issued pursuant to section 1420-J. This
10 exemption applies only to persons who have met the applicable continuing education
11 requirements during the 2-year period, who voluntarily terminated their previous
12 license and who continue to be fully qualified for the license. A person whose
13 previous license was revoked or suspended may not become relicensed pursuant to
14 this paragraph;

15 B. An applicant for a license as a limited insurance producer who solicits or sells
16 travel and baggage insurance;

17 C. An applicant for a license as a resident title insurance producer who is an
18 attorney at law duly licensed to practice law in this State;

19 D. An applicant for a license as a limited insurance producer who solicits or sells
20 mechanical breakdown insurance; or

21 E. An applicant for a license as a limited insurance producer employed by a motor
22 vehicle rental company who solicits or sells ~~liability~~ insurance in connection with and
23 incidental to the rental of a motor vehicle for a period not to exceed 60 days in
24 accordance with section 1420-F, subsection 1, paragraph L.

25 **Sec. 5. 24-A MRSA §2015**, as amended by PL 1997, c. 592, §61, is further
26 amended to read:

27 **§2015. Record of procured coverages**

28 1. Each producer shall keep in the producer's office ~~in this State~~ a full and true
29 record of each surplus lines coverage procured by the producer, including a copy of each
30 daily report, if any, a copy of each certificate of insurance issued, books of account in
31 which financial entries are recorded respecting these transactions and such of the
32 following items as may be applicable:

33 A. Amount of the insurance;

34 B. Gross premium charged;

35 C. Return premium paid, if any;

36 D. Rate of premium charged upon the several items of property;

37 E. Effective date of the contract and the terms of the contract;

38 F. Name and address of each insurer on the direct risk and the proportion of the
39 entire risk assumed by such insurer, if less than the entire risk;

- 1 G. Name and address of the insured;
- 2 H. Brief general description of the property or risk insured and where located or to
- 3 be performed; and
- 4 I. Other information as may be required by the superintendent.

5 2. The record may not be removed from this State, ~~except~~ in the case of a
6 ~~nonresident licensed as a resident~~ producer with surplus lines authority for the purpose of
7 ~~transacting liability insurance business on behalf of a registered purchasing group, and in~~
8 the case of both resident and nonresident licensees must be made available and open to
9 examination by the superintendent at all times within 5 years after issuance of the
10 coverage to which it relates. For the purpose of investigation or examination by the
11 superintendent, records may be maintained in electronic form.

12 **Sec. 6. 24-A MRSA §2016, sub-§1**, as amended by PL 1997, c. 660, Pt. B, §3, is
13 further amended to read:

14 1. Each producer with surplus lines authority shall maintain in the producer's office
15 ~~within the State~~ a monthly report showing the amount of insurance placed for any person
16 or organization, the location of each risk, the gross premium charged, the name of each
17 insurer with which the insurance was placed, the date and term of each insurance contract
18 issued during the preceding month and any other pertinent information required by the
19 superintendent. The report must show in the same detail each contract cancelled during
20 the month covered by the report and the return premium on it. The monthly report must
21 be made available to the superintendent for examination at the producer's office location
22 ~~in the State~~ at any time or by delivery to the bureau upon 5 days' notice by the
23 superintendent.

24 SUMMARY

25 This bill makes the following changes to the laws applicable to insurance producers:

26 1. It eliminates the prelicensing requirement under which potential license applicants
27 were required to complete either a course of instruction or comply with an experience
28 requirement before being able to sit for the qualifying license examination;

29 2. It expands the scope of the limited producer license for certain insurance provided
30 in connection with the short-term rental of motor vehicles; and

31 3. It clarifies that nonresident producers with surplus lines authority are not required
32 to maintain a physical office within this State.

33 All of these changes are intended to establish consistency with current national
34 uniformity standards.